


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

November 25, 2019

MEMORANDUM

To: Mr. Kyle J. Heatwole, Principal
Flora M. Singer Elementary School

From: Mary J. Bergstresser, Acting Supervisor, Internal Audit Unit 

Subject: Report on Audit of Independent Activity Funds for the Period
October 1, 2016, through September 30, 2019

Independent Activity Funds (IAFs) of Montgomery County Public Schools (MCPS) are established to promote the general welfare, education, and morale of students, as well as to finance the recognized extracurricular activities of the student body. School principals are the fiduciary agents for the IAFs charged with determining the manner in which funds are raised and expended for activities such as field trips, admission events, and fundraisers. They are responsible for ensuring that the IAFs are administered in accordance with Board of Education policies, MCPS regulations, and procedures.

The IAF audits are conducted regularly to evaluate compliance with policies, regulations, and procedures, and to review processes for continuous improvement. Generally accepted audit procedures guide the work of the auditors who examine samples of the IAF records and financial accounts selected from documentation of various activities to verify their accuracy, as well as to assess the effectiveness of financial control procedures. An IAF audit does not review every transaction or school activity, but seeks to provide reasonable assurance that any significant errors or omissions in the financial records are detected.

At our November 8, 2019, meeting with you and Ms. Sheila S. Medina, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated November 3, 2016, and the status of present conditions. This audit report presents the findings and recommendations resulting from our examination of the IAF records and financial accounts for your school for the period designated above.

Findings and Recommendations

Invoices for goods or services must be signed by the purchaser to indicate satisfactory receipt. In our sample of disbursements, invoices were not always signed by the receiver to indicate goods or services were received, and that payment could be processed. By requiring prior approval and complete documentation, the principal retains control over the expenditure of IAFs. Purchasers

must sign invoices to indicate satisfactory receipt of goods or services prior to payments being processed.

Aggregate school expenditures of general funds for the procurement of refreshments in connection with meetings and staff appreciation items may not exceed \$60 per individual staff member per fiscal year without the prior written authorization from the chief financial officer (CFO) (refer to *MCPS Financial Manual*, chapter 20, page 5). We found that you exceeded the total amount allowed in Fiscal Year 2019, without prior approval of the CFO. Moving forward, you must adhere to the MCPS requirements when exceeding expenditures.

Cash and checks collected by sponsors and others for IAF activities should be remitted promptly to the school administrative secretary. These receipts must be deposited on the last working day of each month and before each weekend or holiday (refer to the *MCPS Financial Manual*, Chapter 7, pp. 4-5). We found instances in which staff collecting funds for activities were at times holding funds rather than remitting them timely to the school administrative secretary. We recommend that all staff who collect funds for school activities be reminded of remittance requirements (refer to *MCPS Financial Manual*, Chapter 7, page 4). We also noted that the school administrative secretary was not always making deposits on the last working day of each month and before each weekend or holiday. To minimize the risk of loss or theft and provide availability of funds to meet school needs, all funds collected should be remitted to the school administrative secretary daily for prompt deposit.

Notice of Findings and Recommendations

- Purchaser must confirm receipt of goods or services prior to disbursement (**repeat**).
- Total combined expenditures for staff appreciation and meeting refreshments may not exceed \$60 per individual staff member per fiscal year without prior approval of the CFO.
- Cash and checks (funds) collected by sponsors must be promptly remitted with MCPS Form 280-34 to the school administrative secretary and deposited promptly.

Other matters were discussed and satisfactorily resolved. We appreciate the cooperation and assistance of your staff. In accordance with MCPS Regulation DIA-RA, *Accounting for Financial Operations/Independent Activity Funds*, using the attached form, please provide a written response to the Internal Audit Unit within 30 calendar days of this report. In your response, please share a detailed plan for addressing these issues, including appropriate staff training and support.

Prior to returning your completed audit action plan, please contact Dr. Peter O. Moran, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Moran will indicate whether he will conduct an electronic review of your action plan or schedule a time to meet in person with you and your school administrative secretary to support you with developing a well-defined plan to address the findings.

MJB:RCM:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Mrs. Dyson

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Reilly

Mr. Tallur

Dr. Moran

Mr. Marella

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 2016-2019	Fiscal Year: 2016-2019
School: Flora M. Singer ES - 770	Principal: Kyle Heatwole
OSSI Associate Superintendent: Cheryl Dyson	OSSI Director: Peter Moran
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>2016-2019</u>, strategic improvements are required in the following business processes :</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Admin team to ensure signature on invoices prior to disbursement of payment. Of significant issue is confirming on-line orders.	Administrative Secretary Principal		Bookkeeper to confirm during monthly meeting with admin team	Bookkeeper Principal	Singed invoices/orders
Develop staff appreciation budget for the coming school year in August. This was completed in August 2019 prior to the audit in recognition of this issue.	Administrative Secretary Principal		Review of budget prior to any staff appreciation expenditure and at the end of the school year	Administrative Secretary Principal	Final spending within budget
Review expectations with staff regarding submission of funds three times a year (August, November, March)	Administrative Secretary Principal			Administrative Secretary Principal	Timely submission of funds

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OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL

Approved Please revise and resubmit plan by _____

Comments:

Director:  _____ Date: 1/17/20